

CARC, INC.  
(Formerly Calcasieu Association for Retarded Citizens, Inc.)  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT  
Year Ended June 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

DEC 19 2012

Release Date \_\_\_\_\_

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**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

November 09, 2012

To the Board of Directors  
CARC, INC.

We have audited the accompanying statement of financial position of CARC, INC. (a nonprofit organization), as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's June 30, 2011 financial statements and, in our report dated September 16, 2011, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CARC, INC. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 09, 2012, on our consideration of CARC, INC.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 21 and 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Gragson Casiday & Guillory*

CARC, INC.

Statement of Financial Position

June 30, 2012

With Comparative Totals as of June 30, 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,192,982	\$ 1,845,698
Investments	1,129,315	1,466,339
Unconditional promises to give	144,050	144,050
Accounts receivable		
Grants and contracts, net	52,612	41,414
Medicaid, net	943,974	591,184
Work Activity, net	92,524	102,569
Client Liability, net	3,480	1,148
Other	169,171	133,198
Accrued interest receivable	12,882	14,113
Note receivable-current portion	10,596	9,955
Merchandise inventory	52,572	54,318
Prepaid expenses-other	38,209	6,155
Total current assets	<u>4,842,367</u>	<u>4,410,141</u>
 <b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Land	761,627	761,627
Buildings	3,812,019	3,257,759
Leasehold improvements	196,385	196,385
Furniture, fixtures, and equipment	1,635,203	1,730,883
Transportation equipment	1,150,910	1,069,620
Construction in progress	117,282	400,016
	<u>7,673,426</u>	<u>7,416,290</u>
Less accumulated depreciation	<u>(3,920,408)</u>	<u>(3,844,000)</u>
	3,753,018	3,572,290
 <b>OTHER ASSETS</b>		
Deposits	39,358	41,033
Note receivable-noncurrent portion	544,946	555,542
	<u>584,304</u>	<u>596,575</u>
	 <u>\$ 9,179,689</u>	 <u>\$ 8,579,006</u>

The accompanying notes are an integral part of this statement.

# LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 132,821	\$ 57,620
Accrued salaries	147,501	139,824
Payroll taxes payable	29,963	20,537
Accrued expenses - other	50,411	18,925
Total current liabilities	<u>360,696</u>	<u>236,906</u>
 <b>NET ASSETS</b>		
Unrestricted	8,659,943	8,183,050
Temporarily restricted	159,050	159,050
	<u>8,818,993</u>	<u>8,342,100</u>

<u>\$ 9,179,689</u>	<u>\$ 8,579,006</u>
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**CARC, INC.**

**Statement of Activities**

**Year Ended June 30, 2012**

**With Comparative Totals for the Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Federal, state and local grants/contracts	\$ 389,292	\$ -	\$ 389,292	\$ 377,373
Medicaid	8,003,880	-	8,003,880	7,106,252
United Way grant	-	144,050	144,050	212,708
Contributions	612,812	-	612,812	428,093
Membership dues	2,385	-	2,385	1,215
Auxiliary activities	1,175,880	-	1,175,880	1,085,845
Other program fees	319,713	-	319,713	306,158
Fund raising	2,208	-	2,208	2,286
Investment income	71,230	-	71,230	176,968
Gain on disposal of assets	4,300	-	4,300	-
Other income	219,720	-	219,720	147,833
Net assets released from restrictions				
Expiration of time restrictions- United Way	144,050	(144,050)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>10,945,470</b>	<b>-</b>	<b>10,945,470</b>	<b>9,844,731</b>
<b>EXPENSES AND LOSSES</b>				
Program services	10,303,718	-	10,303,718	9,375,154
Supporting services				
Management and general	164,859	-	164,859	213,680
<b>TOTAL EXPENSES AND LOSSES</b>	<b>10,468,577</b>	<b>-</b>	<b>10,468,577</b>	<b>9,588,834</b>
<b>INCREASE IN NET ASSETS</b>	<b>476,893</b>	<b>-</b>	<b>476,893</b>	<b>255,897</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>8,183,050</b>	<b>159,050</b>	<b>8,342,100</b>	<b>8,086,203</b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$8,659,943</u></b>	<b><u>\$ 159,050</u></b>	<b><u>\$8,818,993</u></b>	<b><u>\$ 8,342,100</u></b>

The accompanying notes are an integral part of this statement.

CARC, INC.

Statement of Functional Expenses

Year Ended June 30, 2012

With Comparative Totals for the year ended June 30, 2011

	Program Services		
	Work Activity	Adult Habilitation	Infant Habilitation
Salaries and wages	\$ 771,442	\$ 1,051,502	\$ 144,683
Payroll taxes	65,347	91,683	11,441
Total salaries and related expenses	836,789	1,143,185	156,124
Advertising	6,605	36,454	843
Bad debts	-	-	-
Central office overhead	335,552	261,626	22,752
Consultants	-	-	-
Contract services	19,772	4,318	-
Dues and subscriptions	-	1,776	-
Employee benefits	16,643	54,481	13,546
Habilitative services	-	-	-
Insurance	61,707	85,548	8,147
Licenses	588	-	744
Medicaid provider fees	-	-	-
Medical	-	-	-
Miscellaneous	5,209	5,297	940
Office expense	7,775	141	-
Professional services	38,514	-	-
Purchases-resale items	147,018	-	-
Recreation expense	-	25,954	275
Rent	91,972	-	-
Repairs and maintenance	94,914	20,871	1,999
Seminars	-	721	1,719
Supplies	107,591	17,212	384
Telephone	5,898	3,337	753
Transportation	45,226	125,346	1,834
Travel	1,687	20,975	19,220
Utilities	66,665	11,126	-
Total expenses before depreciation expense	1,890,125	1,818,368	229,280
Depreciation expense	96,425	79,349	8,118
	<u>\$ 1,986,550</u>	<u>\$ 1,897,717</u>	<u>\$ 237,398</u>

The accompanying notes are an integral part of this statement.

Program Services					
Residential Services	Supervised Living	Respite	Eliminations	2012 Total	2011 Total
\$ 739,976	\$ 109,036	\$ 3,087,691	\$ -	\$ 5,904,330	\$ 5,195,771
67,582	9,343	283,280	-	528,676	465,936
807,558	118,379	3,370,971	-	6,433,006	5,661,707
259	-	1,499	-	45,660	44,023
-	-	-	-	-	189
317,543	25,646	537,561	-	1,500,680	1,387,452
66,886	7,650	-	-	74,536	81,232
10,124	720	13,684	-	48,618	62,424
3,200	403	5,065	-	10,444	6,610
21,178	5,474	18,963	-	130,285	133,531
301,284	-	-	(301,284)	-	-
54,491	9,114	87,442	-	306,449	325,314
3,760	-	25	-	5,117	5,076
183,297	-	-	-	183,297	186,810
3,871	-	-	-	3,871	3,295
29,770	4,304	19,652	-	65,172	46,252
(417)	-	-	-	7,499	7,325
-	-	-	-	38,514	37,755
-	-	-	-	147,018	110,651
(36)	-	-	-	26,193	14,158
-	13,032	-	-	105,004	98,579
37,934	-	11,077	-	166,795	239,946
-	110	215	-	2,765	1,222
145,006	34	3,728	-	273,955	261,599
6,947	244	3,023	-	20,202	16,280
31,062	10,492	-	-	213,960	168,593
3,452	3,347	81,539	-	130,220	114,369
32,726	-	2,312	-	112,829	117,000
2,059,895	198,949	4,156,756	(301,284)	10,052,089	9,131,392
66,503	465	769	-	251,629	243,762
<u>\$ 2,126,398</u>	<u>\$ 199,414</u>	<u>\$ 4,157,525</u>	<u>\$ (301,284)</u>	<u>\$10,303,718</u>	<u>\$ 9,375,154</u>

Continued



CARC, INC.

Statement of Functional Expenses - Continued

Year Ended June 30, 2012

With Comparative Totals for the year ended June 30, 2011

	Supporting Services	
	Management and General	2011 Total
Salaries and wages	\$ 62,112	\$ 130,512
Payroll taxes	5,145	10,665
Total salaries and related expenses	67,257	141,177
Advertising	18,710	14,160
Bad debts	-	-
Central office overhead	16,372	19,989
Consultants	-	175
Contract services	-	-
Dues and subscriptions	-	750
Employee benefits	-	-
Fundraising	-	-
Habilitative services	-	-
Insurance	5,947	8,815
Licenses	-	-
Medicaid provider fees	-	-
Medical	-	-
Miscellaneous	5,830	5,178
Office expense	-	-
Professional services	280	-
Purchases-resale items	-	-
Recreation expense	-	-
Rent	-	2,784
Repairs and maintenance	25,356	12,100
Seminars	740	655
Supplies	4,444	755
Telephone	-	-
Transportation	100	158
Travel	229	97
Utilities	6,964	2,528
Total expenses before depreciation expense	152,229	209,321
Depreciation expense	12,630	4,359
	<u>\$ 164,859</u>	<u>\$ 213,680</u>

The accompanying notes are an integral part of this statement.

CARC, INC.

Statement of Cash Flows

Year Ended June 30, 2012

With Comparative Totals as of June 30, 2011

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 476,893	\$ 255,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	330,105	312,690
Gain on sale of fixed assets	(4,300)	-
Bad debts	-	189
Unrealized gain of investments	(36,086)	3,527
(Increase) decrease in:		
Unconditional promises to give	-	(31,660)
Accounts receivable	(392,248)	(90,256)
Accrued interest receivable	1,231	(853)
Inventory	1,746	1,508
Deposits and prepaids	(30,379)	5,745
Increase (decrease) in:		
Accounts payable - trade	75,201	28,941
Accrued salaries	7,677	26,746
Payroll taxes payable	9,426	7,159
Accrued expenses-other	31,486	(15,404)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>470,752</u>	<u>504,229</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturity of investments	688,110	485,000
Purchase of investments	(315,000)	(593,036)
Proceeds from receipt of principal	9,955	9,354
Proceeds from sale of fixed assets	4,300	150
Purchases of fixed assets and construction in progress	(510,833)	(565,844)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(123,468)</u>	<u>(664,376)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	347,284	(160,147)
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2011</b>	<u>1,845,698</u>	<u>2,005,845</u>
<b>CASH AND CASH EQUIVALENTS JUNE 30, 2012</b>	<u><u>\$ 2,192,982</u></u>	<u><u>\$1,845,698</u></u>

The accompanying notes are an integral part of this statement.

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of CARC, INC. is presented to assist in understanding CARC's financial statements. The financial statements and notes are representations of CARC's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America, which have been consistently applied in the preparation of the financial statements.

On October 31, 2012, the Company changed its legal name from Calcasieu Association for Retarded Citizens, Inc. to CARC, INC.

1. Nature of Activities

CARC, INC. was organized under Section 501 (c) (3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing the following services to mentally and physically handicapped persons (clients) in Southwest Louisiana:

Work Activity - Clients provide services to area businesses on a contract basis and produce various merchandise for resale to the public.

Adult Habilitation - Adults are taught day to day living skills and work opportunities.

Infant Habilitation - Infants through three years of age are taught basic developmental skills.

Residential Services - The Association maintains six community homes which house six clients each on a "round the clock" supervised basis.

Supervised Independent Living - Clients are placed in local apartments and are supervised on a day-to-day, part-time basis.

Respite Services - The Association provides sitters for parents and guardians of clients.

The majority of the funding for the above programs is provided by Medicaid and the State offices of the Louisiana Department of Health and Hospitals. Without this funding, the Association would be forced to find alternative funding sources in order to maintain operations.

2. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, CARC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

The Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Investments

Investments consist of U.S. Treasury Notes and Certificate of Deposits with a cost of \$1,112,827 which do not meet the Association's definition of cash equivalents. The investments are carried at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Accumulated unrealized appreciation in assets classified as investments at June 30, 2012 was \$49,829.

7. Property, Plant, and Equipment

The Association follows the practice of recording assets at cost or estimated fair value of donated assets at date of donation. All assets with estimated useful lives in excess of one year and \$5,000 are capitalized. Depreciation and amortization is provided on the straight-line method at rates calculated to allocate the recorded amounts over the estimated useful lives of the assets. Depreciation and amortization amounted to \$330,105, of which \$65,845 is included in central office overhead expense in the accompanying statement of functional expenses.

Construction in progress of \$ 117,282 at June 30, 2012 consists of the following projects:

	<u>Estimated Completion Date</u>	<u>Total Budgeted</u>	<u>Construction In Progress</u>
Bathrooms in fabric shop	August 2012	\$ 22,837	\$ 18,628
Hathaway recreation building	December 2012	122,650	87,190
2404 Hodges street demo	October 2012	5,800	4,300
DeRidder Treasure Chest Leasehold Improvements	August 2012	13,111	<u>7,164</u>

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

\$ 117,282

Continued

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Expense Allocation

Direct costs are charged directly to the grants and programs in which the expense is incurred or they are allocated to the grants and programs based on the proportion of benefit resulting from the particular expenditure. All other costs not identifiable as direct charges are regarded as "central office overhead" and accumulated in a pool. This pool is distributed monthly to the grants and programs based on the proportion of each grant's/program's direct costs to total direct costs, computed on a monthly basis.

9. Eliminations

For report purposes, all significant inter-departmental accounts and transactions have been eliminated.

10. Income Taxes

The Association is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and generally is not subject to income taxes according to the provisions of Federal and Louisiana State income tax laws and regulations. In addition, CARC has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the code.

11. Donated Services

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the organization's program services.

12. Designated Net Assets

At its discretion, the Board may designate revenue for specific purposes. Any Board-designated funds would be segregated under the unrestricted net assets.

13. Inventory

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out method of accounting.

14. Advertising Costs

The Association expenses advertising costs as incurred. Expenses incurred were \$69,038 and \$65,005 for 2012 and 2011, respectively.

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

16. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 include the principal amount of a donation received in a prior fiscal year. The donor placed certain stipulations on the use of these funds. As of June 30, 2012, none of the original donation of \$15,000 had been expended.

Also included in temporarily restricted net assets as of June 30, 2012 is the remaining United Way allocation yet to be received for fiscal year 2013 amounting to \$144,050.

17. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

18. Prior year Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

19. Subsequent Events

Management has evaluated subsequent events through November 09, 2012, the date the financial statements were available to be issued.

**CARC, INC.**

**Notes to Financial Statements**

**June 30, 2012**

**NOTE B - CASH AND CASH EQUIVALENTS**

As of June 30, 2012, cash and cash equivalents consisted of the following:

Operating accounts, net of outstanding items	\$ 948,989
Mutual funds	<u>1,243,993</u>
	<u>\$ 2,192,982</u>

All cash deposits in operating accounts and certificates of deposit were fully collateralized at June 30, 2012, either by FDIC limits or by pledged securities. However, a significant risk of loss existed at June 30, 2012 with regard to the monies invested in mutual funds because those funds are not insured against market risk.

**NOTE C - ACCOUNTS RECEIVABLE**

Accounts receivable amounts in the accompanying statement of financial position are reported net of the following allowance for doubtful accounts:

Contracts	<u>\$ 6,511</u>
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**NOTE D - LONG TERM NOTE RECEIVABLE**

Louisiana Disabled Persons Finance Corporation (LADPFC):  
First Mortgage note; secured by a mortgage lien,  
payable in monthly installments of principle and interest  
of \$3,751 (interest at 6.25% per annum), maturity at February 2036.

\$ 555,542

Less current maturities

10,596

Long-term note receivable, net of current portion

\$ 544,946

In February of 2006, Louisiana Disabled Persons Finance Corporation paid in full a loan to U.S. Department of Housing and Urban Development. The funding to pay the loan balance was derived from CARC, INC. Interest rate on CARC's thirty year mortgage is to be fixed for five years at 6.25% and terms are to be reviewed every five years. The Corporation has signed a use agreement with HUD to abide by HUD regulations, as they apply to this project, and the continued Section 8 contract.

**NOTE E - MEDICAID PROVIDER FEE**

The Association's residential services program is required, under Louisiana R.S. 46:2601-2605, to pay to the Department of Health and Hospitals a fee per patient day for each bed which is in use or reserved for a patient. The total of such fees for the year ended June 30, 2012 is \$183,297.

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE F - RELATED PARTY TRANSACTIONS

Included in accounts receivable-other at June 30, 2012 are operating advances to LADPFC of \$37,063, to Louie Street Apartments, Inc. of \$2,442, and to Consumer Advocacy & Resource Coordination, Inc. of \$95,688, affiliated non-profit organizations under common board of directors. In addition, Louisiana Disabled Persons Finance Corporation paid \$7,200 and Louie Street Apartments, Inc. paid \$6,511 in management fees to CARC, INC. for the year ended June 30, 2012. Also, see Note D for a loan between LADPFC and CARC. Summarized financial data of Louisiana Disabled Persons Finance Corporation, Louie Street Apartments, Inc., and Consumer Advocacy & Resource Coordination, Inc., as of and for the year ended June 30, 2012 is as follows:

Louisiana Disabled Person Finance Corporation

Total Assets	\$ 231,762
Total Liabilities	<u>605,441</u>
Net Assets (deficit)	<u>\$ (373,679)</u>
 Total Revenue	 \$ 133,010
Total Expenses	<u>151,745</u>
Change in Net Assets	<u>\$ (18,735)</u>

Louie Street Apartments, Inc.

Total Assets	\$ 1,573,300
Total Liabilities	<u>1,374,215</u>
Net Assets (deficit)	<u>\$ 199,085</u>
 Total Revenue	 \$ 154,797
Total Expenses	<u>147,693</u>
Change in Net Assets	<u>\$ 7,104</u>

Consumer Advocacy & Resource Coordination, Inc.

Total Assets	\$ 47,161
Total Liabilities	<u>67,573</u>
Net Assets (deficit)	<u>\$ (20,412)</u>
 Total Revenue	 \$ 197,245
Total Expenses	<u>177,293</u>
Change in Net Assets	<u>\$ 19,952</u>



CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE G – INVESTMENTS

The fair values of short-term investments totaled \$1,129,315 at June 30, 2012. The following schedule summarizes investment returns and their classification in the statement of activities for the year ended:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest income	\$ 107,316	\$ -	\$ 107,316
Net unrealized gain (loss)	<u>(36,086)</u>	<u>-</u>	<u>(36,086)</u>
Total investment return	<u>\$ 71,230</u>	<u>\$ -</u>	<u>\$ 71,230</u>

NOTE H - RETIREMENT PLAN

Effective September 1, 1997, a retirement savings plan and trust for the benefit of eligible employees was adopted. The plan covers substantially all of the employees, with the exception of client employees, of CARC, INC. who have attained the age of 21 and completed one year of service (at least 1,000 hours of service in a plan year). The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Each participant may elect to have Compensation deferred by up to the maximum percentage allowable not to exceed the limits of Code Sections 401(k), 402(g), 404 and 415. The maximum annual amount that an employee could contribute as an elective deferral for calendar year 2012 was \$16,500 per year. For the year ended June 30, 2012, salary deferrals by eligible participants totaled \$ 100,243. The employer may make a matching contribution to each participant based on the participant's elective deferrals in a percentage set by the employer prior to the end of each plan year. For the year ended June 30, 2012, the Board of Directors adopted an employer contribution of 50% of the first 6% that an employee contributes. Additional amounts may be contributed at the option of the Board of Directors. For the year ended June 30, 2012, the employer match totaled \$40,729.

NOTE I - PROMISES TO GIVE

Unconditional promises to give at June 30, 2012 are as follows:

2011 United Way Allocation	<u>\$ 144,050</u>
Receivable in less than one year	\$ 144,050
Receivable in one to five years	-
Receivable in more than five years	-
Total unconditional promises to give	<u>144,050</u>
Less discounts to net present value	-
Less allowance for uncollectible promises receivable	-
Net unconditional promises to give at June 30, 2012	<u>\$ 144,050</u>

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE J - CENTRAL OFFICE OVERHEAD

Included in central office overhead expense in the accompanying Statement of Functional Expenses are the following natural expense categories:

Salaries and wages	\$ 781,602
Payroll taxes	<u>62,799</u>
Total salary and related expenses	844,401
Advertising	4,668
Bad debt	-
Bank charges	(33)
Consultants	1,080
Contract services	34,819
Dues and subscriptions	1,969
Employee benefits	169,064
Insurance	112,875
Licenses	37
Miscellaneous	(2,697)
Office expense	12,695
Professional services	18,943
Recreation expense	-
Rent	-
Repairs and maintenance	90,597
Seminars	3,243
Supplies	93,687
Telephone	9,761
Transportation	33,675
Travel	8,237
Utilities	<u>22,914</u>
Total expenses before depreciation expense	1,459,935
Depreciation expense	<u>65,845</u>
Total central office overhead	<u>\$ 1,525,780</u>

NOTE K - OPERATING LEASES

The Association leases two retail store spaces for its Treasure Chest stores. The Lake Charles store has a base monthly rental amount of \$5,567. This lease expires November 15, 2012 with an option to renew for a period of an additional three years. The Moss Bluff store has a base monthly rental amount of \$1,560. This lease expired March 1, 2012, and was renewed for an additional year. Lease expense amounted to \$91,972 for the year ended June 30, 2012. Minimum lease payments on long-term operating leases by year, and in aggregate, are as follows:

Year ended

June 30, 2013	\$ 40,315
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Continued

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE K – OPERATING LEASES (CONTINUED)

The Association is the lessor of property located at 629 Cusic Street under an operating lease. The lease agreement stipulates a month-to-month lease in the amount of \$700 per month. Following is a summary of property on lease at June 30, 2012:

Cusic Street Home	\$ 64,075
Less: accumulated depreciation	<u>(61,290)</u>
	2,785
Cusic Street Land	<u>11,000</u>
	<u>\$ 13,785</u>

NOTE L – RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Association. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Association is a defendant in a lawsuit filed for wrongful death on behalf of a former client. This matter is in discovery and will be defended vigorously.

NOTE M – FAIR VALUE MEASUREMENTS

The Association uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for sale on a recurring basis.

FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

CARC, INC.

Notes to Financial Statements

June 30, 2012

NOTE M – FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2012 are as follows:

	<u>Fair Value</u>	<u>Quoted prices in Active markets Identical assets Level 1</u>	<u>Significant Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Short-term investments:				
Certificates of deposit	<u>\$ 1,129,315</u>	<u>\$ 1,129,315</u>	<u>\$ -</u>	<u>\$ -</u>

**SUPPLEMENTARY INFORMATION**

CARC, INC.

Schedule of Support, Revenues, and Expenses - Departmentalized

Year Ended June 30, 2012

	<u>Central Office</u>	<u>Work Activity</u>	<u>Adult Habilitation</u>	<u>Infant Habilitation</u>
Public support and revenue				
Federal, state and local grants/contracts	\$ -	\$ -	\$ 258,890	\$ 95,983
Medicaid	-	-	1,274,347	-
United Way grant	-	20,670	-	123,380
Contributions	<u>12,471</u>	<u>554,338</u>	<u>37,196</u>	<u>2,070</u>
Total public support	<u>12,471</u>	<u>575,008</u>	<u>1,570,433</u>	<u>221,433</u>
Revenue				
Membership dues	2,385	-	-	-
Other program fees	13,711	-	301,284	-
Fund raiser income	2,208	-	-	-
Auxiliary activities	-	1,175,880	-	-
Investment income (loss)	71,109	121	-	-
Gain on disposal of assets	-	3,000	-	-
Other income	<u>28,617</u>	<u>163,191</u>	<u>5,059</u>	<u>13,667</u>
Total revenue	<u>118,030</u>	<u>1,342,192</u>	<u>306,343</u>	<u>13,667</u>
Total public support and revenue	130,501	1,917,200	1,876,776	235,100
Expenses and losses				
Program services	-	1,986,550	1,897,717	237,398
Supporting services				
Management and general	<u>164,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>164,859</u>	<u>1,986,550</u>	<u>1,897,717</u>	<u>237,398</u>
Excess (deficiency) of public support and revenue over expenses	<u>\$ (34,358)</u>	<u>\$ (69,350)</u>	<u>\$ (20,941)</u>	<u>\$ (2,298)</u>

<u>Residential Services</u>	<u>Supervised Independent Living</u>	<u>Respite</u>	<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 11,790	\$ 22,629	\$ -	\$ 389,292
1,880,137	296,631	4,552,765	-	8,003,880
-	-	-	-	144,050
1,000	5,737	-	-	612,812
<u>1,881,137</u>	<u>314,158</u>	<u>4,575,394</u>	<u>-</u>	<u>9,150,034</u>
-	-	-	-	2,385
306,002	-	-	(301,284)	319,713
-	-	-	-	2,208
-	-	-	-	1,175,880
-	-	-	-	71,230
-	-	1,300	-	4,300
-	9,186	-	-	219,720
<u>306,002</u>	<u>9,186</u>	<u>1,300</u>	<u>(301,284)</u>	<u>1,795,436</u>
2,187,139	323,344	4,576,694	(301,284)	10,945,470
2,126,398	199,414	4,157,525	(301,284)	10,303,718
-	-	-	-	164,859
<u>2,126,398</u>	<u>199,414</u>	<u>4,157,525</u>	<u>(301,284)</u>	<u>10,468,577</u>
<u>\$ 60,741</u>	<u>\$ 123,930</u>	<u>\$ 419,169</u>	<u>\$ -</u>	<u>\$ 476,893</u>



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
JULIA W. PORTUS, C.P.A.  
KATHRYN BLESSINGTON, C.P.A.  
JACKLYN BRANEFF, C.P.A.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

November 09, 2012

To the Board of Directors  
CARC, INC.

We have audited the financial statements of CARC, INC. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 09, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of CARC, INC. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CARC, INC.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CARC, INC.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.



CARC, INC.  
November 09, 2012  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CARC, INC.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, management and others within the organization, awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Gragson, Casiday & Guillory*